



City of Marietta
Meeting Minutes
BOARD OF LIGHTS AND WATER WORKS

205 Lawrence Street
Post Office Box 609
Marietta, Georgia 30061

William B. Dunaway, Chairman
James W. King, Vice Chairman
Bruce E. Coyle, Resident Member
Charles L. "Chuck" George, Resident Member
Arthur D. Vaughn, Resident Member
Harlon D. Crimm, Non-Resident Member
Alice Summerour, Non-Resident Member

Monday, March 7, 2005

12:00 PM

BLW Admin.-2nd Floor Board Room

Presiding: William B. Dunaway and James W. King

Present: Arthur D. Vaughn, Bruce E. Coyle, Harlon D. Crimm, Alice Summerour and Charles L. "Chuck" George

Also Present:

Philip M. Goldstein, Council - Ward 7

William F. Bruton, Jr., City Manager

Robert Lewis, Board Manager

J. Kevin Moore, Board Attorney

Stephanie Guy, Deputy Board Clerk

CALL TO ORDER AND ROLL CALL:

Vice Chairman James W. King called the meeting to order at 12:03 p.m.

I. MINUTES:

20050309 Regular Meeting - February 7, 2005

Review and approval of the February 7, 2005 regular meeting minutes.

A motion was made by Board member Vaughn, seconded by Board member Summerour, that this matter be Approved. The motion carried by the following vote:

Vote: 6 - 0 - 0

Approved

Absent: William B. Dunaway

II. APPOINTMENTS/PRESENTATIONS:

III. APPEARANCES:

IV. BLW OPERATING DEPARTMENTS:

Customer Care / Utility Marketing:

20050267 BLW Policy No. 4.8, Access to Board Property

Motion to approve recommended edits to the BLW Policy No. 4.8, Access to Board Property.

Customer Care Manager Ron Mull explained the request to approve the amended Policy No. 4.8, which was rewritten by the board attorney. The change is to ensure there is no confusion or misinterpretation with the customer as to our right and

position to access Board property for maintenance, removal and/or routine work we encounter. The policy review was prompted by an incident where a meter reader was assaulted while performing routine work. It was recommended that the policy be rewritten to ensure it is accurately enforced.

A motion was made by Board member Summerour, seconded by Board member Vaughn, that this matter be Approved. The motion carried by the following vote:

Vote: 6 - 0 - 0

Approved

Absent: William B. Dunaway

Mayor Dunaway entered the meeting and presided over the rest of the meeting.

20050268 MEAG Marketing Services/ Contract Amendment

Motion to approve the first amendment to the Marketing Services Contract between the Municipal Electric Authority of Georgia (MEAG) and the Board of Lights and Water of the City of Marietta as presented.

Ron Mull presented a request from the Municipal Electric Authority of Georgia (MEAG) Marketing Services business unit to amend the existing contract with all MEAG members that subscribe for marketing services. The amendment addresses three items, the first being to redefine local economic development services. Persons would need to be authorized to request expenditures from this account and staff recommends authorizing the Board Manager and Customer Care Director respectively. Secondly, the business unit is adding procedures on how a member can allocate over collections for the year. This would allow members to use the over collections for future Marketing Services billings, local economic activities, or to apply towards the Municipal Competitive Trust. The third item addresses indemnification, which would hold the MEAG board, staff, and other members harmless if the marketing services provided does not produce the results intended for a specific member.

Motion to approve the amendment to the Marketing Services Contract between the Municipal Electric Authority of Georgia (MEAG) and the Board of Lights and Water of the City of Marietta as presented. Further, to authorize the Board Manager and Customer Care Director to request expenditures from the Economic Development account.

A motion was made by Board member Crimm, seconded by Board member Vaughn, that this matter be Approved as Amended. The motion carried by the following vote:

Vote: 7 - 0 - 0

Approved as Amended

Electrical:

20050269 New BLW Policy No. 6.20, Maximum Hours Worked

Motion to approve the new BLW Policy No. 6.20, Maximum Hours Worked, as presented.

Electrical Director Chuck Ward presented a request to implement a new policy dealing with the maximum number of hours worked by an employee. The work

performed by employees of the Marietta Board of Lights and Water is often in response to an emergency situation created by weather events and/or system failures that can occur for numerous reasons. Often, utility repair work requires extended hours past the normally scheduled work period or in call back situations outside hours for the normal workday. A common need is for crewmembers to work exceptionally long hours to complete repair work. This policy would set a reasonable limit on the maximum number of hours that an employee may work at any given time.

Discussion was held and Board member King suggested that language be added to reflect whom the new policy would affect. Mr. Ward stated that it would be effective for all employees below director level, which could be added. Personnel Director Nancy Martin also suggested that the first line of the third paragraph set a maximum number of hours that may be worked instead of a reasonable limit. This would eliminate different interpretations of the policy.

Motion to approve the new BLW Policy No. 6.20, Maximum Hours Worked with the following amendments:

- 1) The first line of the third paragraph should read, "The maximum number of hours an employee may work is as follows:"*
- 2) The first sentence of the indented paragraph should read, "...the optimum amount of hours all employees of the MBLW below the director level may work..."*

A motion was made by Board member Vaughn, seconded by Board member Summerour, that this matter be Approved as Amended. The motion carried by the following vote:

Vote: 7 - 0 - 0

Approved as Amended

Internal Services:

20050270 MEAG Distribution of Energy Sales Margins

Motion to approve and execute an Election Form for the Municipal Electric Authority of Georgia's (MEAG) Off-System Energy Sales Margins for the Power Supply Year 2005 as presented.

Internal Services Director Herb Edwards explained that Marietta Power routinely sells surplus energy to other cities and off-system through the Municipal Electric Authority of Georgia (MEAG) and its power-marketing arm, The Energy Authority (TEA). The margins from those sales can be handled in one of two ways by MEAG: (1) they can be deposited into the Competitive Trust, or (2) they can be applied to the MEAG bill as credits. Staff recommends that the money be applied as a credit to our monthly bill, as Marietta has done in the past for 2005. The gross revenues associated with these margins are budgeted at \$6.1 million.

A motion was made by Board member King, seconded by Board member Summerour, that this matter be Approved. The motion carried by the following

vote:

Vote: 7 - 0 - 0

Approved

Water & Sewer:

20050100 Easements/ 2004-05 Water System Improvements Project

Motion for approval of easements for the 2004-05 Water System Improvements Project.

Water and Sewer Director Robert Snelson presented the following easements for the 2004/2005 Water System Improvement Project.

Board approval is required for the following easements:

2004-2005 Water System Improvements

Neal S. Currin 100 SF Perm. \$1.00

Whitlock Ave Water Main Replacement

Pleasant Grove Missionary Baptist Church 725 SF Perm. \$1.00

Trico VII Petroleum, Inc. 1,840 SF Perm. \$10.00

Clock Tower Enterprises, Inc. 1,240 SF Temp. \$1.00

Noses Ck Basin Sewer Rehab.

Clifford C. and Jenny L. Kipp 3,009 SF Temp. \$1.00

Sope Ck @ Rigby Sewer Rehab.

Timothy L. Martin 899 SF Perm. \$1.00

Monica C. Richardson 613 SF Perm. \$1.00

A motion was made by Board member King, seconded by Chairman Dunaway, that this matter be Approved. The motion carried by the following vote:

Vote: 7 - 0 - 0

Approved

20050301 Change Order No. 1/ 2004-05 Water System Improvements

Motion to approve Change Order No. 1, in the amount of \$175,769.29, with K.M. Davis Contracting Company, for the 2004-05 Water System Improvements Project.

Robert Snelson explained that Change Order No. 1 would add approximately 1030 feet of 8-inch water pipe to complete several additional projects. These projects include Coryell Street Water Main, Tower Road at Church Street Utility Relocations, Cherry Street Utility Relocations, and SR120 / Alexander Street Utility Relocations. The contractor has provided a price of \$175,769.29 to add this work to the existing contract.

A motion was made by Board member King, seconded by Board member Coyle, that this matter be Approved. The motion carried by the following vote:

Vote: 7 - 0 - 0

Approved

V. CENTRALIZED SUPPORT:**Finance:****20050308 BLW Finance Reports**

Review of the Finance reports for February 2005

Accounting Manager Beth Keller reported on the February fund revenue for February stating that the total charges for services was \$8,569,000 with a year-to-date of \$76,991,000, which is down 5.6%. The total BLW fund revenue year-to-date is \$80,138,000 compared to \$75,152,000 last year at this time. The departmental profit and loss statement shows electrical sales are up 6.1% from last year, cost of goods sold is down 4.1%, which makes the end result \$16,078,000 in net sales. Water sales are up \$3.7%; cost of sales is up 15%, which makes the cost of sales down 2.6% from last year. Sewer sales are up 3.6%; cost of sales is up 13%, which is a 7.7% decrease from last year. The profit and loss statement shows total sales year-to-date at \$76 million, a 5.6% prior year increase. The total cost of sales is down 1.4% at \$48 million compared to \$48.9 last year. The total operating expenses are up 2.3%, which includes salaries. The net income from operations is \$10.9 million compared to the \$6.2 million last year, which is due to the sales of electric. The cash flow statement shows net cash inflow of \$616,376 with a year-to-date total of \$5 million as compared to \$851,323 last year.

This matter was Reported.

Management Information Systems:**Report from the City Manager:**

City Manager Bill Bruton reported that an amendment was made to the FY2005 pay plan that will become effective April 3, 2005. The adjustment would amend the percentage change in the pay scales from 3% to 4%. This adjustment comes after further review of the budget revenues in an attempt to competitively compensate employees. Council will vote on this matter at the March 9, 2005 regular meeting.

VI. COMMITTEE REPORTS:**VII. CHAIRPERSON'S REPORT:****VIII. BOARD ATTORNEY'S REPORT:****IX. BOARD MANAGER'S REPORT:****20050271 Board Strategic Business Plan 2005/ Investments**

Deliverable for Board Strategic Business Plan 2005 Objective 5, Investments, Goal A.

Board Manager Robert Lewis presented the deliverable for Board Strategic Business Plan 2005 Objective 5A regarding investments. This set of criteria and analytical procedures are designed to identify the optimum economic choice from among competing investment opportunities. An example was included in the package that demonstrates how incentives are developed for the residential marketing programs using these techniques. There are a number of different measures that are included in the evaluation procedures when making any kind of economic choice. These measures include internal rate of return, paybacks and discounted payback techniques, all of which are included in the Economic Evaluation Manual used by the MBLW engineers.

This matter was Presented.

20050272 BLW Reserves

Report on definition of reserves, policy requirement findings and plan for the future.

Robert Lewis reported on the efforts to develop a sound reserve policy for Board of Lights and Water (MBLW). The current reserve policy states that operating reserves shall be maintained to cover on month's operating expenses, which is estimated at \$8,669,512. An estimated \$4,794,593 shall be set aside for customer deposits and \$6,261,154 shall be set aside for capital projects that have been encumbered from last year. For utility relocations for highway projects, an estimated \$2,534,788 shall be reserved. Total reserves according to the current policy should be \$22,260,046.

Staff has begun to accumulate information on how other organizations determine their reserve levels. This has been done through various web searches and direct requests for information. The initial results indicate that the levels of reserves provide operating and maintenance expenses, various capital expenditures and different emergency funds. The amount of reserves for other organizations varied depending on the size and services provided. Therefore, staff recommends establishing a working group of interested board members to review and assist in the effort to refine an adequate reserve policy.

Discussion was held regarding the Reserve Study Committee members.

A motion was made by Board member King, seconded by Board member Vaughn, to suspend the rules of order to add an agenda item to approve the creation of a short-term Reserve Study Committee and to appoint Arthur Vaughn, Robert Lewis, Monte Vavra and Gordon Mortin, Bond Counsel for the City, as members of said committee. The motion carried by the following vote:

Vote: 7 - 0 - 0

Approved

20050321 Reserve Study Committee

Motion to approve the creation of a short-term Reserve Study Committee and to appoint Board member Arthur Vaughn, Board Manager Robert Lewis, Finance Director Monte Vavra, and Bond Counsel Gordon Mortin of Knox Wall, Inc., as members of said committee.

A motion was made by Board member Coyle, seconded by George, that this matter be Approved. The motion carried by the following vote:

Vote: 7 - 0 - 0

Approved

20050273 Power Supply Workshop

Discussion of scheduling and format for a Board Workshop regarding power supply planning and evaluation.

Discussion was held regarding the power supply workshop to advise the board on power sales negotiations and the status of these efforts prior to the need to make a decision on the sell of capacity. The board requested the workshop last month after a presentation by the Internal Services Director Herb Edwards. He explained that the long-term goal for Marietta was capacity re-optimization, which means the sell of excess off peak base load capacity. The workshop would further educate the board about the complex method of determining the asking price for excess capacity.

Discussion was held and the date for the workshop was set for April 11, 2005, at 10:00 a.m., before the scheduled board meeting.

This matter was Discussed.

X. OTHER BUSINESS:**XI. EXECUTIVE SESSION (at the Board's discretion):****20050307 Executive Session**

Motion to enter an Executive Session to discuss legal, real estate and/or personnel matters.

A motion was made in open Session by Board member King, seconded by Board member George, to enter Executive Session to discuss personnel matters. The motion carried by the following vote:

Vote: 6- 0 - 0

Approved

For: William B. Dunaway, James W. King, Bruce E. Coyle, Charles L "Chuck" George, Harlon D. Crimm and Alice Summerour

Absent: 1 - Arthur D. Vaughn

The Executive Session was held (the Chairman's affidavit is attached hereto as Attachment A).

A motion was made by Board member King, seconded by Board member Crimm, to close the Executive Session. The motion carried by the following vote:

Vote: 7 - 0 - 0

Approved

For: William B. Dunaway, James W. King, Bruce E. Coyle, Charles L "Chuck" George, Arthur D. Vaughn, Harlon D. Crimm and Alice Summerour

ADJOURNMENT:

The meeting was adjourned at 1:10 p.m.

Approved by City Council:

Date: March 9, 2005

William B. Dunaway, Mayor

Attest: _____
Shelia R. Hill, City Clerk

Approved by Board of Lights and Water:

Date: _____

William B. Dunaway, Chairman

Attest: _____
Shelia R. Hill, Board Clerk